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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 18, 2000

JOINT PETITION OF

CASE NO. PUA990072

UNITED WATER RESOURCES, INC.

AND

LYONNAISE AMERICAN HOLDING, INC.

For authority pursuant to the Utility Transfers Act,
§ 56-89 of the Code of Virginia

ORDER GRANTING AUTHORITY

On November 9, 1999, United Water Resources, Inc. (“UWR”), and Lyonnaise American Holding, Inc. (“LAH”), (collectively referred to as “Joint Petitioners”) filed a joint petition with the Commission under the Utility Transfers Act. In that petition, Joint Petitioners request approval of a transaction by which LAH will acquire the remaining shares of stock that it does not own of UWR, the corporate “grandparent” of United Water Virginia, Inc. (“United Water Virginia”).¹ The proposed transaction would result in the transfer of indirect control of United Water Virginia. Such transfer would exist only until the approved acquisition of United Water Virginia by Virginia-American Water Company takes place.

¹ By Commission Order dated December 21, 1999, in Case No. PUA990046, the Commission granted authority for Virginia-American Water Company to acquire the shares of stock of United Water Virginia. The current proposal for LAH to acquire the stock of UWR does not affect the transaction already approved in Case No. PUA990046.

As stated in the joint petition, LAH is a Delaware corporation whose principal assets include the stock of UWR. LAH currently owns 30.1% of the common stock of UWR. LAH is wholly owned by Suez Lyonnaise des Eaux (“Lyonnaise”). Lyonnaise is a French corporation with shares traded on the Paris Bourse. Lyonnaise is a provider of private infrastructure services and, through its water division, supplies water services to seventy-seven (77) million people and wastewater services to fifty-two (52) million people in over one hundred (100) countries.

Pursuant to the Agreement and Plan of Merger (“the Merger Agreement”), all of the remaining shares of the common and preference stock of UWR will be acquired by LAH. In addition to the 30.1% of the common stock owned by LAH, LAH also owns 98.1% of UWR’s preference stock and is the largest shareholder of UWR.

As a result of the merger transaction, UWR will become a wholly owned subsidiary of LAH. United Waterworks will continue as a wholly owned subsidiary of UWR. United Water Virginia will continue as a wholly owned subsidiary of United Waterworks and will continue to be a Virginia public utility subject to regulation by the Commission.

As stated in the joint petition, the merger closing is conditioned on receipt of all necessary regulatory approvals in the United States, including: (1) the approval of certain public utility commissions of the states in which UWR directly or indirectly owns regulated utilities; (2) the approval of two-thirds of the holders of the outstanding shares of the common stock not owned by LAH or its affiliates and the holders of two-thirds of UWR’s preference stock; and (3) the approval of a majority of the shares of UWR common stock voting at a special meeting of UWR shareholders.

Joint Petitioners represent that neither the service nor the rates charged customers will change as a result of the transfer of stock. Joint Petitioners further represent that United Water Virginia will continue to provide services to its customers as it has in the past. They also represent that there will be no changes in the day-to-day operations of United Water Virginia and that no workforce reductions are anticipated as a result of the transfer of stock. Joint Petitioners further represent that the management of United Water Virginia will not change as a result of the transaction.

THE COMMISSION, upon consideration of the joint petition and representations of Joint Petitioners and having been advised by its Staff, is of the opinion and finds that the proposed transfer of United Water Resources' stock to LAH will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be authorized. Accordingly,

IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, the disposition and acquisition of the shares of United Water Resources stock and, therefore, indirect ownership of United Water Virginia, Inc., as set forth in this petition is hereby authorized.
- 2) Joint Petitioners shall file a report of action providing the price paid for the shares of United Water Resources, Inc.'s stock and the date the transfer took place.
- 3) The authority granted herein shall have no ratemaking implications.
- 4) There appearing nothing further to be done in this matter, it hereby is dismissed.